

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

Industry Circular No. 65-23

September 1, 1965

SEMIMONTHLY TAX RETURNS

Proprietors of bonded wine cellars
and others concerned:

The purpose of this circular is to give you advance information concerning changes being made in return periods, and the times for filing returns, covering deferred payment of taxes by proprietors of bonded wine cellars.

A change is being made in the periods to be covered by semimonthly returns for the deferred payment of taxes, so that each period will fall wholly within a calendar month. A change is also being made so that there may be a two-step increase in the period of time that the payment of taxes may be deferred.

The change to the new return period system will be made by providing a short transitional period which will run from September 24 through September 30, 1965. Your return, with remittance, for this period must be filed not later than October 5, 1965 (unless October 1, 4, or 5 is a statewide legal holiday in your State).

After this transitional period, the return periods will run from the first day of each month to the 15th day of that month, and from the 16th day of each month to the last day of that month. Also, if you are qualified for extended deferral, your returns, with remittances, for the periods starting after September 30, 1965, and continuing through the period ending June 30, 1966, may be filed as late as the 10th calendar day after the close of each return period; and commencing with the period starting after June 30, 1966, not later than the last day of the return period next succeeding the period covered by the return. If you are not qualified for extended deferral, your returns and remittances must be filed as at present; that is, within three calendar days, excluding Saturdays, Sundays, and holidays. In any case, however, the new return periods will be followed beginning with the month of October.

IMPORTANT — In the following material relating to extended deferral you will find references to bonds on Form 2053 "in a penal sum sufficient to cover the maximum tax which will be outstanding at any one time." This reflects a change from present requirements for computing the penal sum of such a bond, but only if you are qualified for the extended deferral. In such case, your bond on Form 2053 must be in an amount which will cover not only the tax during a return period but also the tax incurred after the close of the return period and before your return, with remittance, is filed.

If you wish to become qualified for extended deferral you should be guided by whichever of the next three paragraphs describes your present bond coverage.

A. If your present tax deferral bond on Form 2053 is not in the maximum penal sum, and the penal sum is not sufficient to cover the maximum tax which will be outstanding at any one time, you must either file a new bond on Form 2053 or a strengthening bond, so that your bond will be in a penal sum sufficient to cover the maximum amount of tax that will be outstanding at any one time, or will be in the maximum penal sum. If you file a strengthening bond, you must also file a consent of surety to extend the terms of the existing bond to cover the extended deferral.

B. If your present tax deferral bond on Form 2053 is in the maximum penal sum, or in a penal sum sufficient to cover the maximum tax which will be outstanding at any one time under the extended deferral, you must either give a consent of surety to extend the terms of the existing bond to cover the extended deferral, or give a new bond.

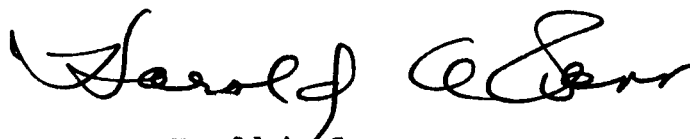
C. If you have not given a tax deferral bond on Form 2053, and the maximum tax which will be outstanding at any one time will not exceed \$100, you may use the extended deferral system without giving either a new bond or a consent of surety.

The new regulations will not require you to file any additional bonds or any consents of surety if you do not wish to utilize the option of extended deferral.

Where qualification for extended deferral is to be accomplished through the filing of a consent of surety, the consent may be made retroactively effective to the beginning of a return period if it is filed with and approved by your assistant regional commissioner before the expiration of the three-day filing time for that period. However, if a new bond is filed it may not be made retroactive, and it must be filed with and approved by your assistant regional commissioner before the commencement of the first return period for which it is to be effective.

These changes will be implemented by a Treasury decision which will add a new Subpart X to the regulations in 26 CFR Part 170.

Inquiries regarding this circular should refer to its number and should be addressed to the office of your Assistant Regional Commissioner, Alcohol and Tobacco Tax.



Harold A. Serr
Director, Alcohol and Tobacco Tax Division